

TennCare Quarterly Report

Submitted to the TennCare Oversight Committee and the Fiscal Review Committee

April 15, 2005

Status of TennCare Reforms and Improvements
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A major activity during the quarter was the updating of the comprehensive waiver amendment proposal submitted to the Centers for Medicare and Medicaid Services (CMS) on September 24, 2004. Because of the breakdown in discussions with enrollee advocates regarding possible changes to the program and because of the rapidly rising costs being experienced, the state was left with no choice but to propose significant disenrollments.

A strong effort was made to preserve some vestiges of the TennCare program, however, rather than simply abandoning it for a return to Medicaid. Governor Bredesen made the decision to do everything possible to keep children on the program, even though that meant closing some of the optional adult categories.

Accordingly, the announcement was made on January 10th that 323,000 adults would be dropped from TennCare, but that coverage for 612,000 children would be protected. Strict service limits on certain services were proposed for the adults who remain in TennCare. It was also announced that TennCare's eight MCOs would return to at risk status, as opposed to receiving a flat administrative payment for providing services, which was part of a stabilization plan implemented in 2002.

The TennCare Bureau released a new waiver document on January 19th to the TennCare Oversight Committee, the Tennessee Justice Center, other state officials, health care advocates, and the general public for a 30-day comment period before formal submission to the Centers for Medicare and Medicaid Services (CMS). The proposed waiver document outlined benefit limits for all adults in TennCare, except for those in institutional care. Proposals were made to eliminate some services for adults, including:

- Coverage of gastric acid reducers and antihistamines
- Coverage of over-the-counter drugs
- Coverage of private duty nursing services
- Coverage of adult dental services
- Coverage of methadone clinic services

None of these services was eliminated for children. Following the 30-day review period, the waiver document was submitted to CMS on February 18, 2005.

On January 24, Governor Bredesen announced that he was forming a task force to examine what the state could do to provide a safety net for those who would be without health insurance when disenrolled from TennCare. He signed an Executive Order that created the "Health Care Safety Net Task Force." The task force consists of 25 members who are to make recommendations to him by May 1, 2005.

On March 24, 2005, CMS approved the first phase of the February 18th Waiver Amendment that allowed the TennCare Bureau to adjust enrollment.

Source of information for this section: Carol Wilson, Assistant Director of Policy, Bureau of TennCare.

Essential Access Hospital Payments

The TennCare Bureau made the second quarter essential access hospital payments during this period. Essential access hospital payments are payments from a pool of \$100 million (\$35,292,500 in state dollars) appropriated by the General Assembly.

The methodology for distributing these funds specifically considers each hospital's relative contribution to providing services to TennCare members, while also acknowledging differences in payer mix and hospitals' relative ability to make up TennCare losses. Data from the Hospital Joint Annual Report is used to determine hospitals' eligibility for these payments. Eligibility is determined each quarter based on each hospital's participation in TennCare. In order to receive a payment for the quarter, a hospital must be a contracted provider with TennCare Select and at least one other managed care organization, and it must have contracted with TennCare Select for the entire quarter that the payment represents. Excluded from the essential access hospital payments are critical access hospitals, which receive cost-based reimbursement from the TennCare program and therefore do not have unreimbursed TennCare costs, and the five state mental health institutes.

Here are the payments that were made for the second quarter:

Name of Hospital	FY 2005 FINAL QUARTER 2 PAYOUT (10/1/04 to 12/31/04)
SAFETY NET HOSPITALS	
Erlanger Medical Center	\$1,507,397
Johnson City Medical Center	\$713,257
Metro Nashville General Hospital	\$1,271,683
Regional Medical Center at Memphis	\$4,722,680
University of Tennessee Medical Center	\$1,632,823
Vanderbilt University Hospital	\$2,652,160
CHILDREN'S HOSPITALS	
East Tennessee Children's Hospital	\$398,040
Meth. Hlthcare-LeBonheur Child. Med. Ctr	\$687,259

Name of Hospital	FY 2005 FINAL QUARTER 2 PAYOUT (10/1/04 to 12/31/04)
St. Jude Children's Research Hosp.	\$164,701
PSYCHIATRIC HOSPITALS	
Community Behavioral Health, LLC	\$61,849
FHC Cumberland Hall of Chattanooga	\$9,568
Indian Path Pavilion	\$25,000
Lakeside Behavioral Health System	\$45,276
Pathways of Tennessee, Inc.	\$27,570
Peninsula Hospital	\$92,059
Ridgeview Psych. Hosp. & Ctr., Inc.	\$41,694
Valley Hospital	\$128,524
Woodridge Psychiatric Hospital	\$68,460
OTHER ACUTE CARE HOSPITALS	
Athens Regional Medical Center	\$57,989
Baptist Dekalb Hospital	\$25,118
Baptist Hospital Of Cocke County	\$91,654
Baptist Memorial Hospital Huntingdon	\$36,961
Baptist Memorial Hospital Lauderdale	\$49,389
Baptist Memorial Hospital Tipton	\$75,734
Baptist Memorial Hospital Union City	\$96,394
Bedford County Medical Center	\$82,440
Blount Memorial Hospital	\$112,819
Bolivar General Hospital	\$26,103
Bradley Memorial Hospital	\$100,980
Camden General Hospital	\$32,074
Centennial Medical Center	\$404,770
Claiborne County Hospital	\$131,214
Cleveland Community Hospital	\$94,859
Coffee Medical Center	\$86,446
Cookeville Regional Medical Center	\$142,536
Crockett Hospital	\$52,970
Cumberland Medical Center	\$134,138
Cumberland River Hospital	\$15,941
Decatur County General Hospital	\$33,656
Delta Medical Center	\$133,330
East Ridge Hospital	\$152,194
Emerald Hodgson Hospital	\$21,329
Fentress County General Hospital	\$129,352
Fort Sanders Loudon Medical Center	\$41,357
Fort Sanders Parkwest Medical Center	\$115,351
Fort Sanders Regional Medical Center	\$333,310
Fort Sanders Sevier Medical Center	\$148,370
Gateway Medical Center	\$149,017
Gibson General Hospital	\$26,167
Grandview Medical Center	\$48,787
Hardin County General Hospital	\$109,646

Name of Hospital	FY 2005 FINAL QUARTER 2 PAYOUT (10/1/04 to 12/31/04)
Harton Regional Medical Center	\$98,049
Hendersonville Medical Center	\$60,349
Henry County Medical Center	\$95,886
Hillside Hospital	\$40,480
Horizon Medical Center	\$58,266
Humboldt General Hospital	\$57,780
Indian Path Medical Center	\$149,254
Jackson Madison County General Hospital	\$488,199
Jefferson Memorial Hospital	\$65,789
Jellico Community Hospital	\$122,134
Johnson City Specialty Hospital	\$13,373
Lakeway Regional Hospital	\$132,570
Laughlin Memorial Hospital	\$132,890
Lincoln Medical Center	\$40,352
Livingston Regional Hospital	\$53,916
Marshall Medical Center	\$36,763
Maury Regional Hospital	\$246,335
Medical Center Of Manchester	\$46,478
Methodist Healthcare Brownsville	\$32,428
Methodist Healthcare Dyersburg	\$93,222
Methodist Healthcare Fayette	\$53,145
Methodist Healthcare Jackson	\$93,255
Methodist Healthcare Lexington	\$30,595
Methodist Healthcare McKenzie	\$51,132
Methodist Healthcare McNairy	\$45,740
Methodist Healthcare North	\$114,640
Methodist Healthcare South	\$139,678
Methodist Healthcare Volunteer	\$39,158
Methodist Medical Center Of Oak Ridge	\$186,364
Methodist University Healthcare	\$574,169
Middle Tennessee Medical Center	\$101,816
Morristown Hamblen Hospital Assoc	\$139,716
North Side Hospital	\$43,301
Northcrest Medical Center	\$371,659
Rhea Medical Center	\$42,641
River Park Hospital	\$64,708
Roane Medical Center	\$66,558
Saint Francis Hospital	\$479,322
Saint Mary's Health System	\$151,654
Scott County Hospital	\$118,861
Skyline Medical Center	\$120,182
Smith County Memorial Hospital	\$25,405
Southern Hills Medical Center	\$150,624
Southern Tennessee Medical Center	\$64,374
St. Mary's Medical Center Of Campbell County	\$105,632
Stones River Hospital	\$46,101
Summit Medical Center	\$129,226

Name of Hospital	FY 2005 FINAL QUARTER 2 PAYOUT (10/1/04 to 12/31/04)
Sumner Regional Medical Center	\$92,833
Sweetwater Hospital Assoc	\$153,527
Sycamore Shoals Hospital	\$93,841
Takoma Adventist Hospital	\$68,620
Tennessee Christian Medical Center	\$348,667
Tennessee Christian Medical Center Portland	\$22,700
Trinity Hospital	\$22,507
Unicoi County Memorial Hospital	\$24,348
University Medical Center	\$217,871
Vanderbilt Stallworth Rehabilitation Hospital	\$46,069
Wayne Medical Center	\$39,761
Wellmont Bristol Regional Medical Center	\$287,396
Wellmont Hawkins County Memorial Hospital	\$24,717
Wellmont Holston Valley Medical Center	\$286,401
White County Community Hospital	\$38,507
Woods Memorial Hospital	\$75,669
Total paid out for quarter	\$25,000.000

This information provided by Darin Gordon, Chief Financial Officer, Bureau of TennCare.

Renewal Status

The renewal process has been “on hold” for this quarter in order to focus on the preparations for proposed disenrollments.

Sources of information for this section: Ken Barker, Director of Information Services, Bureau of TennCare.

Status of Filling Top Leadership Positions in the Bureau

Several key leadership positions were filled during this quarter.

Brent Antony was named the Bureau's first Chief Information Officer, a newly created executive position to oversee all Bureau information systems technology management. His duties will include integrating a new decision support system into Bureau operations, long-range information systems strategy development, and effectively managing technology relationships with other state departments, federal agencies, and private contractors. Antony has dual Master's degrees in health systems management from

Tulane University and brings more than 17 years of experience as a healthcare technology professional to the position. He has served in leadership positions with managed care companies Caregroup/Provider Service Network, Harvard Pilgrim Health Care, and Children's Hospital/Children's Community Physicians, all of Massachusetts, Anderson Consulting in San Francisco, and most recently as technology director for Sapient Corporation in Cambridge, Massachusetts.

David Beshara was named Chief Pharmacy Officer to manage the TennCare pharmacy program, which is the largest budget component of the \$8 billion TennCare program. He is being tasked with managing pharmaceutical costs by implementing pharmacy-related reform initiatives, including the use of therapeutically comparable lowest cost drugs and expansion of the Bureau's current Preferred Drug List (PDL). Beshara will also manage the Bureau's relationship with the pharmacy benefit manager (PBM), First Health Services. He has an MBA in finance from Fairleigh Dickinson University and for the past nine years has served as director of account management, clinical account executive, and manager of formulary operations for Medco Health Solutions.

Debbie Denning was appointed to the position of Legislative Liaison for the Bureau, where she joins our other liaison, Holly McDaniel. Ms. Denning comes to the Bureau after serving as an assistant for two years to Anna Windrow, the Governor's previous Senior Advisor for Legislation and Policy. Ms. Denning will serve as the Bureau's liaison for members of the Senate, and Ms. McDaniel will continue to serve in that capacity for members of the House.

Source of information for this section: Michael Drescher, Director of Public Affairs, Bureau of TennCare.

Number of Recipients on TennCare and Costs to the State

As of the end of the quarter, there were 1,335,457 enrollees on TennCare: 1,104,932 Medicaid eligibles and 230,525 Uninsureds and Uninsurables (Medically Eligibles).

During the first quarter of 2005 (January through March), TennCare spent \$1,407,477,626 for managed care services. These expenditures included: payments to the managed care organizations (MCOs), payments to the behavioral health organizations (BHOs), payments to the dental benefits manager (DBM), and payments to the pharmacy benefits manager (PBM).

Source of information for this section: Carolyn Johnson, TennCare Fiscal.

Viability of MCOs in the TennCare Program

Claims Payment Analysis

The prompt pay requirements of T.C.A. § 56-32-226(b) mandate that each health maintenance organization and behavioral health organization ensure that 90% of clean

claims for payment for services delivered to a TennCare enrollee are paid within 30 calendar days of the receipt of such claims and 99.5% of all provider claims are processed within 60 calendar days of receipt. TennCare's contract with its Dental Benefit Manager requires that the DBM also process claims in accordance with this statutory standard.

TennCare's contract with its Pharmacy Benefits Manager PBM requires that the PBM must pay 95% of all clean claims within 20 calendar days of receipt and the remaining 5% of clean claims within 10 calendar days.

TDCI requested data files of all TennCare processed claims from TennCare MCOs, BHOs, the DBM and the PBM for the month of January 2005. TDCI also requested data files of pended TennCare claims as of January 31, 2005, and a paid claims triangle from January 1, 2004 through January 31, 2005.

All of the TennCare MCOs, the TennCare BHOs, the DBM and the PBM were in compliance with prompt pay requirements for the month of January 2005.

Beginning with the April 2005 claims data submission, all of the TennCare entities will be required to submit claims data for a 3 month period, rather than for just the first month of each calendar quarter.

Net Worth Requirement

Listed below is each MCO's and BHO's net worth requirement compared to net worth reported at December 31, 2004, on the NAIC annual financial statements filed on March 1, 2005. TDCI has not adjusted the net worth reported on the NAIC annual statements. TDCI's calculations for the net worth requirement reflect payments made for the calendar year ending December 31, 2004, including payments made under the "stabilization plan."

	Net Worth Requirement	Reported Net Worth	Excess/ (Deficiency)
Better Health Plan (A)	2,956,800	4,552,516	1,595,716
John Deere	17,310,028	95,464,380	78,154,352
Memphis Managed Care	9,468,885	21,118,938	11,650,053
OmniCare Health Plan	7,314,949	11,671,958	4,357,009
Preferred Health Partnership	7,421,032	25,354,793	17,933,761
Victory Health Plan	2,682,218	4,975,647	2,293,429
Volunteer (BlueCare & Select)	26,905,121	31,017,092	4,111,971
Premier Behavioral Systems	7,544,284	11,064,371	3,520,087
Tennessee Behavioral Health (B)	6,428,171	6,406,820	(21,351)

Note:

A. BHP's net worth requirement is the "enhanced" net worth requirement determined during the RFR process. The net worth requirement has been increased above the statutory minimum based on projected premium revenue. BHP's calculated

statutory net worth requirement is \$2,682,218. Because BHP's statutory net worth requirement is less than the enhanced net worth requirement, TDCI will enforce the requirement at the higher level.

B. TBH reported a net worth deficiency of \$21,351 as of December 31, 2004. TDCI required TBH to submit evidence that this deficiency had been corrected. TBH submitted financial statements for the month ended January 31, 2005 reporting that the net worth deficiency was corrected as of that date from net income earned in the month. As of January 31, 2005, TBH reported a statutory net worth of \$6,473,412 which is \$45,241 in excess of the minimum required.

FINANCIAL ISSUES:

Xantus Healthplan of Tennessee, Inc. (Xantus)

Effective July 31, 2003, the TennCare Bureau terminated its contract with Xantus. On June 2, 2003, TDCI filed a petition to liquidate Xantus with the Davidson County Chancery Court. The court heard this petition on January 8, 2004. Chancellor Carol L. McCoy granted the order converting the rehabilitation to liquidation on January 21, 2004, and Chris Burton was appointed as the Special Deputy for the liquidation. Amendment 4 to the Contractor Risk Agreement provided for the TennCare Bureau to continue funding claims with dates of service of April 1, 1999 through July 31, 2003 (the "run-out claims") and the reasonable and necessary administrative costs for processing these claims after July 31, 2003. During the period August 1, 2003 through March 31, 2005, Xantus paid \$29,497,547 for run-out claims.

Mr. Burton is currently in the process of securing the remaining assets of Xantus and developing procedures for the distribution of assets. The deadline for the submission of Proofs of Claim against Xantus was May 14, 2004.

Tennessee Coordinated Care Network d/b/a Access MedPlus (TCCN)

Because TCCN was unable to cure statutory and contractual financial and claims processing deficiencies, the state terminated its contract on October 31, 2001.

On October 18, 2001, the Chancery Court of Davidson County issued an Order of Seizure of TCCN by TDCI to take possession and control of all of the property, books, documents, assets and the premises of TCCN. The Order also set a hearing on TDCI's request for liquidation or rehabilitation of TCCN to be held on November 2, 2001. On October 20, 2001, the TennCare Bureau moved TCCN's TennCare enrollees to the TennCare Select plan.

On November 2, 2001, the Chancery Court of Davidson County entered a Liquidation Order for TCCN. The order established that all claims must be received by March 1, 2002, at 4:30 p.m., CST. Courtney Pearre, Esq., appointed Supervisor since May 10, 2001, was named the Commissioner's Special Deputy for the purposes of liquidation.

Before liquidation, the management company, Medical Care Management Company ("MCMC"), a wholly-owned subsidiary of Access Health Systems ("Access"), transferred approximately \$5.7 million from the assets of TCCN to the accounts of the MCMC. The Chancery Court issued an order granting injunctive relief restraining the management

company from removing any of the \$5.7 million. Access subsequently filed bankruptcy. Recently, the Bankruptcy Court entered an order that allows the Special Deputy Liquidator to proceed to recover the \$5.7 million in Chancery Court. Such a petition was filed in Chancery Court. The Creditors Committee for the bankruptcy estate filed a motion to modify the Bankruptcy Court's order. The Special Deputy Liquidator filed papers in opposition to the Creditors Committee's motion.

Chancellor Lyle found for the liquidation that the \$5.7 million had been wrongfully transferred from TCCN accounts and that such action created a constructive trust for the funds while in the hands of Access. Chancellor Lyle ordered the \$5.7 million returned to TCCN accounts. Various creditors of Access and the bankruptcy estate are seeking an appeal of Chancellor Lyle's ruling in the Tennessee Court of Appeals. Briefs were submitted to the Court at the end of January 2004. On February 23, 2005, the appellate court upheld Chancellor Lyle's ruling. The Special Deputy Liquidator is currently working on a settlement with the bankruptcy estate.

With the resolution of this issue, the Special Deputy Liquidator will petition for a distribution of the remaining assets of TCCN. As of June 21, 2004, disbursements of \$39,568,193 have been made against a total debt of \$76,095,315, or 52 cents of every dollar owed to providers.

Universal Care of Tennessee (Universal)

On September 13, 2002, Universal was placed under the Administrative Supervision of the Commissioner of Commerce and Insurance as a result of the company's financial and claims processing operations problems. On December 31, 2002, Universal was again placed under an Agreed Order of Supervision through June 30, 2003.

At March 31, 2003, Universal reported net worth of \$6,451,709, a deficiency of \$1,216,126 below the statutory net worth requirement. Universal's reported net worth included a \$54,436,971 receivable from the TennCare Program, which the state disputes. As a result, this receivable was not included in the calculation of net worth. Universal's adjusted statutory net worth at March 31, 2003, was (\$47,985,262), a statutory net worth deficiency of \$55,653,097 below the net worth requirement.

On April 2, 2003, the TennCare Bureau notified Universal of its intent to terminate the contractor risk agreement effective June 1, 2003. Universal filed in the United States District Court for the Middle Tennessee District an application for a preliminary injunction to stop the cancellation of the contractor risk agreement. On May 30, 2003, Judge Nixon denied Universal's application for a preliminary injunction.

Also on May 30, 2003, Universal filed with the Tennessee Claims Commission a claim of \$75,000,000 against M. D. Goetz as Commissioner of the Tennessee Department of Finance and Administration and Manny Martins, then-Deputy Commissioner of the Tennessee Department of Finance and Administration, Bureau of TennCare.

TDCI filed a petition to liquidate Universal with the Davidson County Chancery Court on June 5, 2003. Chancellor McCoy granted the petition and the signed order was received July 2, 2003. Between June 1, 2003, and the liquidation order date of July 2, 2003, Universal continued to process and pay claims for dates of service April 12, 2002, through May 31, 2003.

Mr. Paul Eggers was appointed the Special Deputy Liquidator. Mr. Eggers is currently in the process of securing the remaining assets of Universal and developing procedures for the distribution of assets. The deadline for the submission of Proofs of Claim against UCOT was June 15, 2004.

CMS approved a contract between TennCare and Universal Care of Tennessee in Liquidation for TennCare to pay the HMO in liquidation for processing Universal claims with dates of service on and after April 12, 2002. Universal Care of Tennessee in Liquidation has contracted with the company's former vendor for use of the claims processing software. A separate vendor has been contracted to process claims received for both dates of service before and after April 12, 2002. As of March 31, 2005, \$8,247,128 has been paid for claims with dates of service on and after April 12, 2002.

Source of information for this section: Lisa Jordan, Assistant Commissioner, Tennessee Department of Commerce and Insurance.

Success of Fraud Detection and Prevention

1. The Office of Inspector General (OIG) added 15 new staff members during the last quarter in order to meet its mission. Some of these positions include: criminal investigators, paralegals, an attorney, a fiscal manager, and other support staff.
2. The OIG staff continues to work cases referred by local law enforcement, the TBI and FBI, Health Related Boards, other state agencies, and the general public via the Web site (<http://www.state.tn.us/finance/tennoig/fraudabuse.html>), faxes, letters, and phone calls to the hotline. Results are listed below:

Summary of Enrollee Cases

	Quarter	YTD
Cases closed	6,308	15,869
Recommended terminations	1,213	4,925
TPL added	246	476

Summary Relating to Provider Cases

	Quarter	YTD
Cases closed	48	118
Cases referred to TBI*	2	7
Cases referred to HRBs*	1	5

**The Tennessee Bureau of Investigation MFCU (Medicaid Fraud Control Unit) and Health Related Boards take the lead in Provider cases once they are referred. The OIG continues to assist as requested.*

3. Now that the OIG staff includes investigators and attorneys, there is an aggressive push to pursue those enrollees who have committed fraud against TennCare. The arrests enumerated below represent only a portion of the quarter since the investigators came on board in February.

	Quarter	YTD
Cases Referred	42	164
Arrests*	10	10
Grand Jury Indictments**	6	6

*OIG Criminal Investigators arrested 10 people with 15 charges in six weeks. In their first quarter of work, (Feb & March), the investigators were assigned 103 cases.

**The OIG Criminal Investigators have served 6 criminal indictments with 13 counts.

The Legal Division has assisted with prosecution expertise in 3 pending TennCare criminal prosecutions. In each of these cases, an OIG Assistant Inspector General has been appointed by the district attorney general to work as a special assistant district attorney. This request will likely increase with the arrest numbers.

4. The OIG staff provided presentations for the following organizations/contacts during this quarter:

- a. Institute of Internal Auditors
- b. Tennessee Pharmacy Association
- c. Tennessee Chiefs of Police Association
- d. East Tennessee Health Care Fraud Working Group
- e. Association of Government Accounts
- f. Department of Human Services- Leadership Team
- g. TennCare Advocates
- h. TennCare Managed Care Contractors
- i. MCC Roundtable Group
- j. ROCIC Regional Meeting
- k. Walgreens Staff, Memphis
- l. West Clinic Staff, Memphis
- m. Osceola Police Department, Osceola, Arkansas
- n. Governor Bredesen's Legislative Leadership Committee
- o. ACFE
- p. Advanced Med Meeting
- q. Schaller-Anderson Meeting
- r. Memphis Walgreens personnel
- s. West Memphis law enforcement personnel
- t. Media interviews - 20

5. The OIG staff continues to work with the state's contractors, EDS and Medstat, to develop the fraud and abuse detection software system. The new TennCare Management Information System (TCMIS) will allow the OIG to initiate proactive measures for identifying fraud and abuse within the TennCare system. The Program Integrity Division of the OIG will be able to identify outliers for both providers and recipients. The ability to create ad hoc reports will greatly improve the speed and efficiencies of the investigations. Targeted queries will be generated on a routine basis; these queries have been developed to identify

potential fraudulent claims submission. The goal behind these reports and queries is to promote improved work efficiencies, terminate individuals who are no longer eligible for TennCare benefits, and prosecute individuals who have violated federal and/or state laws.

6. The newly created Legal and Criminal Investigation Divisions of OIG were busy hiring staff during this quarter. The Legal Division is headed by a Deputy Inspector General and currently has three staff attorneys, three paralegals and an administrative assistant. The Criminal Investigation Division is also headed by a Deputy Inspector General and has ten criminal investigators and an administrative assistant. After completing the hiring and training process, these individuals began covering all 95 counties in Tennessee: conducting interviews, surveillance, meeting with local and state law enforcement officers and district attorneys, making arrests, and testifying in court.
7. The Criminal Investigation Division has purchased the equipment required for their investigative work state wide.
8. The Legal Division has assisted the other divisions within the OIG by providing legal advice on numerous issues, including how to meet the requirements of various statutes and drafting and reviewing documents that have legal implications. They have also assisted with the legal training of the criminal investigators.

The Legal Division facilitates the case preparation process by reviewing arrest warrants, indictments, and subpoenas for the investigators. This requires a lot of legal research. There has also been a great deal of research on pending legislation during the current session of the General Assembly.

9. An outline of TennCare fraud laws and related offenses, was developed by the Legal Division. This outline has been distributed to the District Attorneys Conference Executive Committee and the Tennessee Chiefs of Police.
10. The OIG applied for membership into the Regional Organized Crime Information Center (ROCIC) and was voted in at the February meeting. The OIG's application for the TBI's Crime Statistics Unit -- so the OIG can submit data to the Tennessee Incident Based Reporting System (TIBRS) -- was also accepted and crime information is now being forwarded directly to the TBI.
11. The required software for the Criminal Investigation Division to access the National Crime Information Center (NCIC) was purchased. The OIG will be on line in April.
12. The Criminal Investigation Division continues to develop policies and procedures for their operations. The goal is to have this completed for review by the Commission on Accreditation for Law Enforcement Agencies (CALEA), for accreditation during 2006.
13. The OIG's website was revised to reflect the new mission and responsibilities of the OIG.

14. Plans for next quarter:

- a. Continue to network with and exchange information with other state, federal, and local government agencies.
- b. Obtain CMS certification.
- c. Work with Medstat to improve data quality and add new reports that will assist in the data mining and data analysis for the OIG.
- d. Continue to go after offenders through indictments and arrests.
- e. Continue to review computer generated reports to assist the investigators with their criminal prosecutions.
- f. Provide presentations and training for interested parties regarding TennCare fraud and the role of the OIG.
- g. Continue staff training and develop best practices for our teams.

Source of information: Deborah Faulkner, TennCare Inspector General.